



ANNUAL REPORT

for the fiscal year ended April 30, 1966

**LORADO URANIUM MINES
LIMITED**

1966

LORADO URANIUM MINES LIMITED

Officers

HARLOW H. WRIGHT, P.ENG., *President*
S. A. PERRY, F.C.I.S., *Vice-President*
G. D. PATTISON, C.A., *Secretary-Treasurer*
R. A. CRANSTON, Q.C., *Assistant Secretary*
R. D. BELL, C.A., *Assistant Treasurer*

Directors

R. A. CRANSTON, Q.C., Toronto, Ontario
EVAN T. DONALDSON, Toronto, Ontario
BERT W. LANG, Toronto, Ontario
G. D. PATTISON, C.A., Toronto, Ontario
S. A. PERRY, F.C.I.S., Toronto, Ontario
THE HONOURABLE C. P. McTAGUE, Q.C., Toronto, Ontario
HARLOW H. WRIGHT, P.ENG., Toronto, Ontario

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA, Toronto, Ontario

Auditors

GLENDINNING, JARRETT, GOULD & CO., Toronto, Ontario

Solicitors

LANG, MICHENER, CRANSTON, FARQUHARSON & WRIGHT, Toronto, Ont.

Head Office

SUITE 509, 25 ADELAIDE ST. WEST, Toronto 1, Ontario

LORADO URANIUM MINES LIMITED

TO THE SHAREHOLDERS:

Submitted with this report is your company's financial statement and auditors' report for the fiscal year ended April 30, 1966, and the financial statement and auditors' report of your company's wholly-owned subsidiary, Lorado of Bahamas, Limited for the same fiscal period.

Recently the Grand Bahama Development Company Limited split its shares on the basis of four new shares for one old share. As a result, Lorado of Bahamas, Limited now owns 1,890,000 of the new shares representing about 16.4% of the Development Company's issued capital.

Accompanying this report is a leaflet containing information on the affairs of the Development Company which, particularly over the past twelve months, have shown an impressive growth record.

There has been a marked increase in land sales resulting from an aggressive sales policy, and the very substantial earnings potential of the Development Company's investments in various associated service and utility companies on Grand Bahama Island is rapidly becoming apparent because of the increasing flow of people to the island. The important progress being made by the Development Company is indicative of its competent, conservative and reputable management.

As the Development Company grows, the value of your company's investment should grow, and it is reasonable to assume that the Development Company might be in a position in the foreseeable future to establish a dividend policy.

Since the time your company invested in shares of the Development Company, its mineral exploration activities have been limited to the funds available from time to time for this purpose. During July and August of this year, another mining company performed exploration work on the Barrystown prospecting license in Ireland in which your company retains a 25% interest. Three drill

holes were completed but no significant ore potential was indicated.

The company has, from time to time, sold parts of its mining and milling plant to the best advantage. It has retained a major part of such plant which could in the future be used in a base metal operation. Its uranium claims in the Beaverlodge area of northern Saskatchewan have been maintained in good standing.

Your directors consider that in due course the company's investment in shares of the Development Company will greatly increase in value, providing ample funds to retire the company's debt position, and permit the broadening of its operations, particularly in the mineral exploration and mining industry.

On behalf of the board,



President.

Toronto, Ontario
October 11, 1966.

LORADO URANIUM MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

As at April 30, 1966

ASSETS

CURRENT

Cash	\$	50.00	
Accounts receivable	\$	15,690.09	
Less: Allowance for doubtful accounts		7,500.00	8,190.09
Prepaid expenses		5,918.88	\$ 14,158.97

INVESTMENTS AND ADVANCES

Lorado of Bahamas, Limited, a wholly owned subsidiary			
Shares—at cost	\$	66,912.50	
Advances (\$4,778,627.00 U.S. funds)—non-interest bearing	5,166,012.51	\$ 5,232,925.01	
Canam Copper Company, Ltd. (Note 5) Loan bearing interest at 6% per annum		140,400.00	
Debentures of the Municipality of Uranium City—at cost		16,329.90	
Shares in other mining companies—at book value			
(quoted market value \$1,677.00)		5,118.98	5,394,773.89

OTHER

Mining properties—at cost	\$	153,087.10	
Buildings, machinery and equipment—at cost less			
proceeds of disposals	\$10,170,927.47		
Less: Allowance for depreciation	1,777,820.00	8,393,107.47	
Mine development less amount written off		1,604,446.35	
Inventory of mine stores and supplies—at cost		306,043.17	10,456,684.09

\$15,865,616.95

The attached notes form an integral part of these financial statements.



LIABILITIES

CURRENT

Bank overdraft	\$	2,862.21	
Bank loan (Note 1)		678,500.00	
Demand notes payable		440,000.00	
Accounts payable and accrued charges		<u>53,227.22</u>	\$ 1,174,589.43
PROVISION FOR FLUCTUATION IN U.S. EXCHANGE			270,138.20

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized, 7,000,000 shares of \$1.00 each	\$	<u>7,000,000.00</u>	
Issued, 6,394,390 shares	\$	<u>6,394,390.00</u>	
Less: Net discount thereon		<u>2,140,000.00</u>	\$ 4,254,390.00

SURPLUS

Capital surplus	\$13,737,517.03		
Deficit, Balance April 30, 1965	\$ 3,385,515.58		
Add: Total expenses for the year (per attached statement) . .	<u>185,502.13</u>		
	<u>\$ 3,571,017.71</u>	<u>10,166,499.32</u>	14,420,889.32

Approved on behalf of the Board
 HARLOW H. WRIGHT, Director
 G. D. PATTISON, Director

\$15,865,616.95

LORADO URANIUM MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

NOTES TO FINANCIAL STATEMENTS

April 30, 1966

1. The Company's wholly owned subsidiary, Lorado of Bahamas, Limited owns 477,500 shares of The Grand Bahama Development Company Limited at a cost of \$10.00 (U.S. funds) per share. Such shares have been hypothecated as collateral security to another mining company, in consideration for
 - (a) The guarantee by that company of Lorado Uranium Mines Limited's bank loan to the extent of \$572,000.00.
 - (b) A loan of \$440,000.00 by that company to Lorado Uranium Mines Limited.
2. The accounts of Lorado of Bahamas, Limited are not consolidated herewith since we are advised that the subsidiary's financial statements are being submitted concurrently. The accumulated operating deficit of \$22,963.22 has not been reflected in the accounts of Lorado Uranium Mines Limited.
3. The notes to the financial statements of Lorado of Bahamas, Limited, for the year ended April 30, 1966 state:

"Investment in The Grand Bahama Development Company Limited

General

The Grand Bahama Development Company Limited was organized under the laws of the Bahama Islands, principally to conduct the business of real estate sales and development for residential and resort purposes on Grand Bahama Island.

The Investment in the above company represents approximately 16.5% of its issued share capital as at October 31, 1965.

The shares in The Grand Bahama Development Company Limited have been pledged by the parent company, Lorado Uranium Mines Limited, as collateral security to another mining company in consideration for

- (a) guarantee of Lorado Uranium's bank loan, to the extent of \$572,000.00 Canadian Dollars.
- (b) Loan to Lorado Uranium of \$440,000.00 Canadian Dollars.

1965 Operations

Net income of The Grand Bahama Development Company Limited was \$4,120,186.00 for the fiscal year ended October 31, 1965 and its retained earnings at that date amounted to \$4,504,938.00.

The auditors' report for the year ended October 31, 1965 contained reference to a qualification as to the net income of a consolidated subsidiary of \$191,809.00. The qualification was mainly with regard to revenue for the reason that the auditors' examination did not extend beyond satisfying themselves as to the amount of revenue recorded.

As the management consider there is no future benefit arising from deferred pre-operating and organization expenses, the unamortized balance at November 1, 1964 of \$1,923,025.00 was written off to retained earnings. This change in the basis of amortization resulted in a reduced charge against the year's income of \$549,396.00.

During the year the company arranged to terminate an agreement with another company owned by a former officer and an existing shareholder whereby that company was to be paid a 2½% commission on all land sales for a period of ten years from January 1, 1964. The compensation agreed upon of \$1,500,000.00 formed a special charge against the net income for the year reducing it to \$2,620,186.00.

Termination of this agreement resulted in a saving in the year's commission expense of \$114,076.00."

The value ascribed to Lorado Uranium Mines Limited's investment in and advances to Lorado of Bahamas, Limited which at April 30, 1966 amounted to \$5,232,925.01 is dependent upon the realization of the investment of Lorado of Bahamas, Limited in the issued share capital of The Grand Bahama Development Company Limited.

4. Effective May 30, 1966 the loan receivable from Canam Copper Company, Ltd. has been assumed by Giant Mascot Mines Limited repayable as follows:

\$ 46,800.00	forthwith;
46,800.00	promissory note with interest at 6% per annum due November 30, 1966;
46,800.00	promissory note with interest at 6% per annum due May 30, 1967;
<u>\$140,400.00</u>	

All of which is secured by a first mortgage on the equipment and the mining claims of Canam Copper Company, Ltd. now owned by Giant Mascot Mines Limited.

5. The Company is not operating its mining buildings, machinery and equipment at Uranium City which, together with its inventory of mine stores and supplies are stated on the attached balance sheet at a net book value of \$8,699,150.64. Some further realizations of equipment, mine stores and supplies are expected on which losses are anticipated. No depreciation on buildings and equipment has been provided in the operating accounts for the past seven years.



STATEMENT OF EXPENSES

For the year ended April 30, 1966

Plant shut down expenses less sundry recoveries	\$ 77,275.65
Head office administration and general expenses	48,819.72
Interest expense	67,767.73
Exploration and development	582.56
	<u>\$194,445.66</u>
Less: Investment income	8,943.53
TOTAL EXPENSES FOR THE YEAR (per attached balance sheet)	<u>\$185,502.13</u>

Note: The above statement includes a provision for directors' fees in the amount of \$8,400.00.

AUDITORS' REPORT

To the Shareholders

LORADO URANIUM MINES LIMITED.

We have examined the balance sheet of Lorado Uranium Mines Limited as at April 30, 1966 and the related statement of expenses for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As reported in the notes to the financial statements, the Company is not operating its mine at Uranium City and the mining buildings and equipment, together with the mine stores and supplies are shown at their net book value. The investment in and advances to Lorado of Bahamas, Limited are included at cost. We are unable to express an opinion as to the realizable value of these assets.

In our opinion, subject to the above comments on certain of the Company's assets, the accompanying balance sheet, together with the notes related thereto and the statement of expenses, present fairly the financial position of the Company as at April 30, 1966 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
August 8, 1966.

GLENDINNING, JARRETT, GOULD & CO.
Chartered Accountants, Auditors

LORADO OF BAHAMAS, LIMITED

(Incorporated under the laws of the Bahama Islands)

BALANCE SHEET

April 30, 1966

(Expressed in U.S. Dollars)

ASSETS

CURRENT ASSETS:

Cash \$ 612.94

INVESTMENT, AT COST:

477,500 shares of par value £3 each, The Grand Bahama Development Company Limited
(see note) 4,775,000.00
\$4,775,612.94

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses \$ 9,949.16

ADVANCES FROM PARENT COMPANY:

Lorado Uranium Mines Limited, non interest bearing 4,778,627.00
TOTAL LIABILITIES \$4,788,576.16

CAPITAL STOCK, CONTRIBUTED SURPLUS AND DEFICIT

SHARE CAPITAL:

Authorized and issued, 500,000 shares, par value 1d each \$ 5,833.33

CONTRIBUTED SURPLUS 4,166.67
10,000.00

DEFICIT 22,963.22

EXCESS OF DEFICIT OVER CAPITAL STOCK AND CONTRIBUTED SURPLUS (12,963.22)
\$4,775,612.94

The accompanying note is an integral part of this statement.

Approved on behalf of the Board.

HARLOW H. WRIGHT, Director S. A. PERRY, Director

This is the balance sheet referred to in our report to the shareholders dated July 6, 1966.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants

LORADO OF BAHAMAS, LIMITED

(Incorporated under the laws of the Bahama Islands)

NOTE TO FINANCIAL STATEMENT

Year ended April 30, 1966

Investment in The Grand Bahama Development Company Limited:

General:

The Grand Bahama Development Company Limited was organized under the laws of the Bahama Islands, principally to conduct the business of real estate sales and development for residential and resort purposes on Grand Bahama Island.

The Investment in the above company represents approximately 16.5% of its issued share capital as at October 31, 1965.

The shares in The Grand Bahama Development Company Limited have been pledged by the parent company, Lorado Uranium Mines Limited, as collateral security to another mining company in consideration for

(a) guarantee of Lorado Uranium's bank loan, to the extent of \$572,000.00 Canadian dollars.

(b) loan to Lorado Uranium of \$440,000.00 Canadian dollars.

1965 Operations:

Net income of The Grand Bahama Development Company Limited was \$4,120,186.00 for the fiscal year ended October 31, 1965 and its retained earnings at that date amounted to \$4,504,938.00.

The auditors' report for the year ended October 31, 1965 contained reference to a qualification as to the net income of a consolidated subsidiary of \$191,809.00. The qualification was mainly with regard to revenue for the reason that the auditors' examination did not extend beyond satisfying themselves as to the amounts of revenue recorded.

As the management consider there is no future benefit arising from deferred pre-operating and organization expenses, the unamortized balance at November 1, 1964 of \$1,923,025.00 was written off to retained earnings. This change in the basis of amortization resulted in a reduced charge against the year's income of \$549,396.00.

During the year the company arranged to terminate an agreement with another company owned by a former officer and an existing shareholder whereby that company was to be paid a 2½% commission on all land sales for a period of ten years from January 1, 1964. The compensation agreed upon of \$1,500,000.00 formed a special charge against the net income for the year reducing it to \$2,620,186.00.

Termination of this agreement resulted in a saving in the year's commission expense of \$114,076.00.

STATEMENT OF DEFICIT

Year ended April 30, 1966

(Expressed in U.S. Dollars)

Deficit at beginning of year	\$22,666.22
Expenses for period:	
Audit and accounting	150.00
Bahamas representation and expense	147.00
	297.00
DEFICIT AT END OF YEAR	<u>\$22,963.22</u>

AUDITORS' REPORT

To the Shareholders of


LORADO OF BAHAMAS, LIMITED:

We have examined the balance sheet of Lorado of Bahamas, Limited as at April 30, 1966 and the statement of deficit for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statement of deficit, together with the notes thereon, present fairly the financial position of the company as at April 30, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Nassau, Bahamas,
July 6, 1966.

THORNE, MULHOLLAND, HOWSON & MCPHERSON
Chartered Accountants



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LORADO URANIUM MINES LIMITED

Suite 509, 25 Adelaide Street West
TORONTO 1, ONTARIO

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Notice of the Annual Meeting of Shareholders

TAKE NOTICE that the Annual Meeting of the Shareholders of LORADO URANIUM MINES LIMITED will be held in The Elizabeth Room, King Edward Sheraton Hotel, Toronto, Ontario, on

MONDAY, OCTOBER 31st, 1966

at the hour of 11:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) To receive and consider the Annual Report of the Company for the year ended April 30th, 1966 containing the Report of the Directors, the Financial Statement of the Company for the year ended April 30th, 1966 and Auditors' Report thereon dated August 8, 1966, and Financial Statement of Lorado of Bahamas, Limited for the year ended April 30, 1966 and Auditors' Report thereon dated July 6, 1966;
- (b) to adopt, approve, ratify and confirm all acts, payments and proceedings of the Officers and Directors of the Company since the last annual meeting;
- (c) to elect Directors for the ensuing year;
- (d) to appoint Auditors and authorize the Directors to fix the Auditors' remuneration.

DATED at Toronto, Ontario, this 14th day of October, 1966.

By Order of the Board,

G. D. PATTISON,
Secretary-Treasurer.

NOTE: Shareholders who are unable to be present in person at the Annual Meeting above referred to are requested to sign and return in the envelope provided for that purpose the attached form of instrument of proxy for use at the meeting.

